

AR39

GOLDRIM MINING COMPANY LIMITED

P.O. BOX 4218, POSTAL STATION "E"

OTTAWA 1, ONTARIO

May 24, 1968.

To the Shareholders
Goldrim Mining Company Limited.

Several developements have taken place in recent weeks that should be brought to your attention in relation to the exploration activities of your Company. These are outlined below.

Tantalum - Australia.

We have let a contract with Watts, Griffis & McQuatt Limited, our consulting engineers to carry out a 31 holes drill programme on our Wodgina property in Western Australia. This programme will begin within the next few weeks and continue through until October of this year.

During the past two months, Kaweck Chemical Company of New York, one of the major producers of tantalum metal in the world, have been reviewing data obtained from the exploration work on the Goldrim Australian prospects. They have now decided to have one of their geologists visit the property for an on - site evaluation with a view to participating in its developement.

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Uranium - Canada.

Weather conditions now permit us to enter into the next phase of the evaluation of our Uranium prospects on the North Shore of the St. Lawrence in the province of Quebec. A contract has been let for a new programme to commence immediately to consist of stripping and bulk sampling to establish an average uranium content for the full thickness of the pegmatite.

In the first stage of our programme completed in January of this year, thirteen drill holes were put down to explore a radioactive sill, 3600 feet in length and approximately 50 - 100 feet in width. The first holes drilled at the northern boundary of the property yielded 0.20 lbs. of uranium per ton across part of the pegmatite whereas this content increased to 0.40 lbs. per ton further south to reach 1.10 lbs. and 3.28 lbs. per ton in the last two holes at the south east end of the property.

The last two holes were spotted to intersect a particularly continuous part of the radioactive zone

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where higher scintillometer results were found over a length of 500 feet and a width of 75 feet. This area has now been selected as the first target for the new exploration programme whose first step will consist of stripping and bulk sampling this zone to establish an average uranium content for the full thickness of the pegmatite.

At the same time, two more similar zones lying roughly parallel further west will be stripped and bulk sampled prior to drilling.

It is expected that the stripping and bulk sampling operation would be completed in a maximum of six weeks, providing targets for a further more extensive drilling program.

The presence of uranium in these sills is deemed particularly interesting since they lie very close to the surface and would lend themselves to open cut mining should economic grade and tonnages be outlined.

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Gold Property - Rouyn, Quebec.

Last week an agreement was signed with an American group to undertake a developement programme on our Gold property at Rouyn, Quebec.

This property has a four compartment shaft down to 600 feet and has reserves of approximately 100,000 tons of approximately 0.20 oz. gold per ton (at \$40.00 U.S. per oz. this is equivalent to \$8/ton gross value).

The group with whom we have been negotiating believe that further ore reserves may be developed on strike and at depth.

The agreement provides that they spend a minimum of \$15,000 over the next six months and an additional \$100,000 over the following 12 months. If the mine proves to be economic then a new company will be formed in which Goldrim and the new group participate on a 40% and 60% basis respectively.

Diamond Prospect - James Bay Area, Ontario.

Drilling has continued at Kimberlite Mining Corporation Limited's diamond prospect in the Coral

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Rapids area of the James Bay area. As you are aware, Goldrim holds a major interest of 425,000 shares in Kimberlite Mining Corporation Limited. Three holes have been completed which our consulting engineer, Mr. Pierre Lacombe states have cut widths of over 250 feet of Kimberlitic rock. He also states that he has been able to identify in our claim group a typical kimberlitic "pipe" structure with the associated indicator minerals for diamonds. The fourth hole is planned to be drilled vertically into the centre of this "pipe" for a depth of 1000 feet to test its depth extension. Recently we have staked a further 40 claims in this area to encompass all of the extensive kimberlitic dykes and sills emanating from the "pipe" structure.

I must stress that we have not found diamonds yet, but the cores and bulk samples are being despatched as quickly as possible to the testing laboratories to be crushed and separated by heavy media separation to determine whether or

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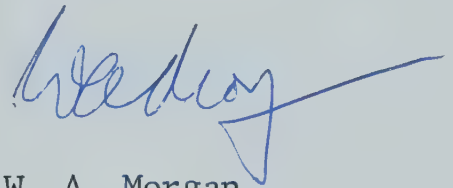
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not diamond crystals or diamond powder is present in the kimberlite.

You will see from the above resume that we have a busy and active season ahead of us. A great deal of work will be underway in the next few months and I will keep you fully informed of our results as they are made available, confirmed and interpreted by our consulting engineers.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'W. A. Morgan', with a long horizontal flourish extending to the right.

W. A. Morgan.
PRESIDENT.

Listed: Toronto Stock Exchange -- Ticker Symbol GRM

March 19th, 1968.

Dear Shareholder,

You will by now have received a copy of our annual report mailed in mid-February. This letter, is intended to bring you more up-to-date on current happenings in Goldrim.

In February we received the report on our Wodgina tantalite property in Western Australia compiled as a result of geological mapping, drilling, surface sampling and underground bulk sampling carried out by our consulting engineers Watts, Griffis and McQuat Ltd. This work has been carried out over a period of about 6 months at a cost of over \$100,000. Dr. Griffis in the summary to his report states that - "The results of this work indicates a reasonable possibility that a continued programme will outline ore grade, either selectively over part of the pegmatite or, over the whole of the dyke in some sections". His summary of the results showed the following:-

SURFACE SAMPLING

Average of 11 chip samples at the north end of the pegmatite - average width - 12 ft. at 1.8 lbs. of tantalum and 0.6 lbs. of tin per short ton (approximately \$20 gross value).

UNDERGROUND SAMPLING

Average of 5 bulk samples totalling 31 tons from 140 tons of break - 0.9 lbs. of tantalum oxide, 0.4 lbs. of tin and 0.7 lbs. of tungsten oxide per short ton (approximately \$14.50 per ton). In the underground work, the above samples were taken from drifts from which the rich sections had been mined by previous operators, thus the results obtained may represent a low background value from finely disseminated tantalite. In concluding his study of the underground workings Watts Griffis and McQuat's field engineer in Australia found no reason to revise the original conclusion that the average grade of ore mined by previous operators was approximately 2.7 lbs. of tantalum oxide per short ton (\$30 gross value).

The high tungsten content of the underground samples is a new interesting feature of the work and will be investigated more fully in the next drilling programme.

DIAMOND DRILLING

Nine holes totalling about 2,800 feet were drilled, the principal purpose of the programme being to verify the depth extension of the dyke. These holes did confirm the depth extension of the dyke with an average thickness of 19 feet.

Five intersections averaging 7.7 feet of core carried 0.9 lbs. of tantalum oxide per short ton (\$10.50 gross value) of which hole No. 5 carried 2.0 lbs. tantalum oxide over 8.7 feet (\$22.00 gross value).

CONTINUATION OF THE EXPLORATION PROGRAMME AT WODGINA

In the opinion of Dr. Griffis, despite the erratic character of the mineralization, diamond drilling should be employed in extending the work. He suggests a programme of 31 short holes along the known length of the dyke. In this way it may be possible to outline near surface lenses of ore, particularly at the north end which could be mined by open-cut.

Arrangements are now being made to carry out this programme.

In addition to the Wodgina property, Avela Pty. Ltd. has included their option agreement with Goldrim, the Strelly property in Western Australia. This was obtained for Goldrim at no additional cost. Further information on this property will be available in the near future.

To carry out this further programme and to continue work on our other properties, W. D. Latimer acting for a client-Hartek Investments Ltd., has purchased from the treasury of Goldrim 300,000 shares at 50¢ per share for investment purposes. This stock under current Toronto Stock Exchange regulations must be held for a minimum of 6 months by the purchaser. This new financing of \$150,000 puts your company in a sound financial position.

In a later letter I will bring you up-to-date on developments on our tantalum prospect in Northern Territories of Australia, on our Uranium property in St. Simeon, Quebec, and the diamond prospect on the Coral Rapids area of James Bay being explored by Kimberlite Mining Corporation Ltd. in which Goldrim holds 425,000 shares.

Yours sincerely,

W. A. Morgan.
President.

